

105TH CONGRESS  
2D SESSION

# H. R. 4596

To amend the Internal Revenue Code of 1986 to provide that certain farming-related section 1231 gains and losses shall not be taken into account in determining whether a taxpayer is eligible for the earned income credit.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 1998

Mr. SMITH of Michigan (for himself and Mr. THUNE) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide that certain farming-related section 1231 gains and losses shall not be taken into account in determining whether a taxpayer is eligible for the earned income credit.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

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1 **SECTION 1. CERTAIN FARMING-RELATED SECTION 1231**  
2 **GAINS AND LOSSES NOT TAKEN INTO AC-**  
3 **COUNT IN DETERMINING ELIGIBILITY FOR**  
4 **EARNED INCOME CREDIT.**

5 (a) IN GENERAL.—Subparagraph (D) of section  
6 32(i)(2) of the Internal Revenue Code of 1986 (relating  
7 to denial of credit for individuals having excessive invest-  
8 ment income) is amended by striking “, and” and insert-  
9 ing “determined without regard to gain or loss from the  
10 sale of—

11 “(i) livestock described in section  
12 1231(b)(3) held for breeding or dairy pur-  
13 poses, and

14 “(ii) tangible personal property de-  
15 scribed in section 1231(b) which is used in  
16 the trade or business of farming, and”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 this section shall apply to taxable years beginning after  
19 December 31, 1997.

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